

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Robert G. Taub, Vice Chairman;
Mark Acton;
Tony Hammond; and
Nanci E. Langley

Competitive Product Prices
Global Plus 1C Contracts (MC2012-6)
Negotiated Services Agreements

Docket No. CP2013-37

PUBLIC REPRESENTATIVE COMMENTS ON NOTICE CONCERNING MODIFICATION
TO GLOBAL PLUS 1C NEGOTIATED SERVICE AGREEMENT

(August 9, 2013)

The Public Representative hereby provides comments pursuant to Order No. 1797.¹ In this order, the PRC provides the public with notice of Modification One, invites comments, and takes other administrative steps relating to the Postal Service's notice to modify the original contract subject to Docket No. CP2013-37. *Order* at 2. In this Docket, the Postal Service requested to have an additional Global Plus 1C contract included within the Global Plus 1C product. *Order* at 1. The Postal Service sought the inclusion on the grounds of functional equivalency to a previously approved baseline agreement.²

The PRC completed its review of the original request ruling in favor of the Postal Service thereby including the agreement within the Global Plus 1C product. *Notice* at 1.

¹ PRC Order No. 1797, Notice Concerning Modification to Global Plus 1C Negotiated Service Agreement, August 2, 2013. See also corresponding PRC Order No. 1617, Notice and Order Concerning an Additional Global Plus 1C Contract.

² See PRC Order No. 1151, Order Adding Global Plus 1C to the Competitive Product List and Approving Related Global Plus 1C Agreements, Docket Nos. MC2012-6, CP2012-12, and CP2012-13, January 19, 2012.

COMMENTS

The Public Representative has reviewed the Postal Service's modification request, accompanying amendments, and additional supporting financial models filed separately under seal.³ The Commission should uphold its original ruling to include this contract, although modified, within the Global Plus 1C product list. However, the Commission should note the proposed modification generally incorporates two changes relating to a specific component of the original contract.⁴ The modification basically added rate stratification to international delivery points, which resulted in a decrease in volume for the component of the contract subject to this modification proposal. The decrease in volume also decreased the Postal Service's revenue and cost coverage for this component and adversely affected others. The Public Representative found that the contract's overall revenue and cost projections decreased dramatically under the modification, yet, the projected total change in cost coverage is negligible. The Public Representative recommends the Commission fully explore the effect of stratifying rates based on international delivery for this and future National Service Agreements (NSAs).

Respectfully submitted,

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³ Redacted versions of supporting documents were filed with the PRC on August 1, 2013. See Notice of the United States Postal Service of Filing Modification to Global Plus 1C Negotiated Service Agreement.

⁴ The purposes of the Modification are to change Annex 3 and Paragraph 7 to Article 6. The Public Representative shall maintain the confidentiality of specific components of the contract due to its sensitive nature.